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असाधारण

EXTRAORDINARY

भाग II—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

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NEW DELHI, FRIDAY, DECEMBER 20, 1996 / AGRAHAYANA 29, 1918

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bills were introduced in Lok Sabha on 20th December, 1996:—

BILL No. 136 OF 1996

A Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies and to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the forty-seventh year of the Republic of India as follows :—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Insurance Regulatory Authority Act, 1996.

(2) It extends to the whole of India.

Short title and
extent.

Definitions.

2. (1) In this Act, unless the context otherwise requires,—

(a) “appointed day” means the date on which the Authority is established under sub-section (1) of section 3;

(b) “Authority” means the Insurance Regulatory Authority established under sub-section (1) of section 3;

(c) “Chairperson” means the Chairperson of the Authority;

(d) “Fund” means the Fund constituted under sub-section (1) of section 15;

(e) “Interim Insurance Regulatory Authority” means the Insurance Regulatory Authority set up by the Central Government through Resolution No. 17(2)/94-Ins-V, dated the 23rd January, 1996;

(f) “member” means a whole-time or a part-time member of the Authority and includes the Chairperson;

(g) “notification” means a notification published in the Official Gazette;

(h) “prescribed” means prescribed by rules made under this Act;

(i) “regulations” means the regulations made by the Authority under this Act

(2) Words and expressions used and not defined in this Act but defined in the, Insurance Act, 1938 or the Life Insurance Corporation Act, 1956 or the General Insurance Business (Nationalisation) Act, 1972 shall have the meanings respectively assigned to them in those Acts.

4 of 1938
31 of 1956.
57 of 1972.

CHAPTER II

INSURANCE REGULATORY AUTHORITY

Establishment
and incorpora-
tion of
Authority.

3. (1) With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Act, an Authority to be called the Insurance Regulatory Authority.

(2) The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.

(3) The head office of the Authority shall be at such place as the Central Government may decide from time to time.

(4) The Authority may establish offices at other places in India.

Composition of
the Authority.

4. The Authority shall consist of the following members, namely:—

(a) a Chairperson;

(b) not more than three whole-time members;

(c) not more than four part-time members,

to be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration or any other discipline which would, in the opinion of the Central Government, be useful to the Authority.

Tenure of office
of Chairperson
and other
members.

5. (1) The Chairperson shall hold office for a term of five years from the date on which he enters upon his office or until he attains the age of sixty-five years, whichever is early.

(2) A whole-time member other than the Chairperson shall hold office for a term of five years from the date on which he enters upon his office, or until he attains the age of 62 years, whichever is earlier.

(3) A part-time member shall hold office for a term not exceeding five years from the date on which he enters upon his office.

(4) Notwithstanding anything contained in sub-section (1) or sub-section (2) or sub-section (3), a member may—

(a) relinquish his office by giving in writing to the Central Government notice of not less than three months; or

(b) be removed from his office in accordance with the provision of section 6.

6. (1) The Central Government may remove from office any member who—

Removal from office.

(a) is, or at any time has been, adjudged as insolvent;

(b) has become physically or mentally incapable of acting as a member;

(c) has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude;

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; and

(e) has so abused his position as to render his continuation in office detrimental to the public interest.

(2) No such member shall be removed under (d) or clause (e) of sub-section (1) unless he has been given a reasonable opportunity of being heard in the matter.

7. (1) **The salary and allowances payable to and other terms and conditions of service of the members other than part-time members shall be such as may be prescribed.**

Pay and allowance of Chairperson and Members.

(2) **The part-time members shall receive such allowances as may be prescribed.**

(3) **The salary, allowances and other conditions of service of a member shall not be varied to his disadvantage after appointment.**

8. The Chairperson or any other member ceasing to hold office as such shall—

Bar on future employment of Members.

(a) shall be ineligible for further employment either under the Government of India or under any State Government; and

(b) shall not hold any appointment in any private company in the insurance sector.

9. (1) The Authority shall meet at such times and places, and shall observe such rules and procedures in regard to transaction of business at its meetings (including quorum at such meetings) as may be prescribed under the regulations.

Meeting of the authority.

(2) The Chairperson, or if for any reason he is unable to attend a meeting of the Authority, any other member chosen by the members present from amongst themselves at the meeting shall preside at the meeting.

(3) All questions which come up before any meeting of the Authority shall be decided by a majority vote of the members present and voting, and in the event of an equality of votes, the Chairperson, or in his absence, the person presiding shall have a second or casting vote.

(4) The Authority may make regulations for the transaction of business at its meetings.

10. No Act or proceeding of the Authority shall be invalid merely by reason of—

Vacancies, etc., not to invalidate proceedings of the Authority.

(a) any vacancy in, or any defect in the constitution of, the Authority, or

(b) any defect in the appointment of a person acting as a member of the Authority, or

(c) any irregularity in the procedure of the Authority not affecting the merits of the case.

Officers and employees of the Authority.

11. (1) The Authority may appoint officers and such other employees as it considers necessary for the efficient discharge of its functions under this Act.

(2) The terms and other conditions of service of officers and other employees of the Authority appointed under sub-section (1) above shall be governed by regulations made under this Act.

CHAPTER III

TRANSFER OF ASSETS, LIABILITIES, ETC., OF INTERIM INSURANCE REGULATORY AUTHORITY

Transfer of assets, liabilities, etc., of the Interim Insurance Regulatory Authority.

12. (1) On the appointed day,—

(a) all the assets and liabilities of the Interim Insurance Regulatory Authority shall stand transferred to, and vested in, the Authority.

Explanation.—The assets of the Interim Insurance Regulatory Authority shall be deemed to include all rights and powers, and all property, whether movable or immovable, including, in particular, cash balances, deposits and all other interests and rights in or arising out of such property as may be in the possession of the Interim Insurance Regulatory Authority and all books of account and documents relating to the same; and liabilities shall be deemed to include all debts, liabilities and obligations of whatever kind;

(b) without prejudice to the provisions of clause (a), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the Interim Insurance Regulatory Authority immediately before that day, for or in connection with the purpose of the said Regulatory Authority shall be deemed to have been incurred entered into or engaged to be done by, with or for, the Authority;

(c) all sums of money due to the Interim Insurance Regulatory Authority immediately before that day shall be deemed to be due to the Authority;

(d) all suits and other legal proceedings instituted or which could have been instituted by or against the Interim Insurance Regulatory Authority immediately before that day may be continued or may be instituted by or against the Authority; and

CHAPTER IV

DUTIES, POWERS AND FUNCTIONS OF THE AUTHORITY

Duties, Powers and functions of the Authority.

13. (1) Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business.

40 of 1938.
31 of 1956

(2) The Authority shall, and the Controller of Insurance shall not, exercise all the Powers, discharge all the duties and perform all the functions of the Controller of Insurance under the Insurance Act, 1938, the Life Insurance Corporation Act, 1956, the General Insurance Business (Nationalisation) Act, 1972 or any other law relating to insurance for the time being in force except during the period when the Authority is superseded under sub-section (1) of section 18.

(3) Without prejudice to the generality of the provisions contained in sub-section (1) and sub-section (2), the powers and functions of the Authority shall include,—

(a) protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of

insurance claim, surrender value of policy, and other terms and conditions of contracts of insurance;

(b) promoting efficiency in the conduct of insurance business;

(c) promoting and regulating professional organisations connected with the insurance business;

(d) levying fees and other charges for carrying out the purposes of this Act;

(e) calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, insurance intermediaries and other organisations connected with the insurance business;

(f) control and regulation of the rates, advantage, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938.

(g) prescribing the form and manner in which books of account shall be maintained and statement of accounts will be rendered by insurers and other insurance intermediaries;

(h) regulating investment of funds by insurance companies;

(i) regulating maintenance of margin of solvency;

(j) adjudication of disputes between insurers and intermediaries;

(k) exercising such other powers as may be prescribed.

CHAPTER V

FINANCE, ACCOUNTS AND AUDIT

14. The Central Government may, after due appropriation made by the Parliament by law in this behalf, make to the Authority grants of such sums of money as the Government may think fit for being utilised for the purposes of this Act.

Grants by
the Central
Government.

15. (1) There shall be constituted a Fund to be called "The Insurance Regulatory Authority Fund" and there shall be credited thereto—

Fund

(a) all Government grants, fees and charges received by the Authority;

(b) all sums received by the Authority from such other source as may be decided upon by the Central Government.

(2) The fund shall be applied for meeting—

(a) the salaries, allowances and other remuneration of the members, officers and other employees of the Authority;

(b) the other expenses of the Authority in connection with the discharge of its functions and for purposes of this Act.

16. (1) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

Accounts and
audit.

(2) The accounts of the Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General of India

(3) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the authority.

(4) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each house of Parliament.

CHAPTER VI

MISCELLANEOUS

Power of
Central
Government to
issue
directions.

17. (1) Without prejudice to the foregoing provisions of this Act, the Authority shall, in exercise of its powers or the performance of its functions under this Act, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:

Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section:

(2) The decision of the Central Government, whether a question is one of policy or not, shall be final.

Power of
Central
Government to
supersede the
Authority.

18. (1) If at any time the Central Government is of the opinion—

(a) that, on account of circumstances beyond the control of the Authority, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act; or

(b) that the Authority has persistently defaulted in complying with any direction given by the Central Government under this Act or in the discharge of the functions or performance of the duties imposed on it by or under the provisions of this Act and as a result of such default the financial position of the Authority or the administration of the Authority has suffered; or

(c) that circumstances exist which render it necessary in the public interest so to do,

the Central Government, may, by notification and for reasons to be specified therein supersede the Authority for such period, not exceeding six months, as may be specified in the notification and appoint a person to be the Controller of Insurance under section 2B of the Insurance Act, 1938, if not already done;

Provided that before issuing any such notification, the Central Government shall give a reasonable opportunity to the Authority to make representations against the proposed supersession and shall consider the representations, if any, of the Authority.

(2) Upon the publication of a notification under sub-section (1) superseding the Authority,—

(a) the Chairman, and other members shall, as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority shall, until the Authority is reconstituted under sub-section (3), be exercised and discharged the Comptroller of Insurance; and

(c) all property owned or controlled by the Authority shall, until the Authority is reconstituted under sub-section (3), vest in the Central Government.

(3) On or before the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government shall reconstitute the Authority by a fresh appointment of its Chairperson and other Members and in such case any person who had vacated his offices under clause (a) of sub-section (2) shall not be deemed disqualified for reappointment.

(4) The Central Government shall cause a copy of the notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before each House of Parliament at the earliest.

19. (1) The Authority shall furnish to the Central Government at such time and in such form and manner as may be prescribed, or as the Central Government may direct, such returns and statements and such particulars in regard to any proposed or existing programme for the promotion and development of the insurance industry as the Central Government may, from time to time, require.

Furnishing of returns, etc., to the Central Government.

(2) Without prejudice to the provisions of sub-section (1), the Authority shall, within six months after the close of each financial year, submit to the Central Government a report giving a true and full account of its activities during the previous financial year.

(3) The Authority shall, within six months after the close of each financial year, furnish to the Central Government particulars in regard to the promotion and development of the insurance business.

(4) Copies of the reports received under sub-section (2) and sub-section (3) shall be laid, as soon as may be after they are received, before each House of Parliament.

20. The Chairperson, Members, Officers and other employees of the Authority shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code.

Chairperson, Members, Officers and employees of the Authority to be public servants.

21. No suit, prosecution or other legal proceedings shall lie against the Central Government or any officer of the Central Government or any member, officer or other employee of the Authority for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder:

Protection of action taken in good faith.

Provided that nothing in this Act shall exempt any person from any suit or other proceedings which might, apart from this Act, be brought against him.

22. (1) The Authority may, by general or special order in writing, delegate to the Chairperson or any other Member or officer of the Authority subject to such conditions, if any, as may be specified in the order such of its powers and functions under this Act as it may deem necessary.

Delegation.

(2) The Authority may by a general or special order in writing, also form committees of the Members and delegate to them the powers and functions of the Authority as may be specified by the regulations.

23. (1) The Central Government may, by notification, make rules for carrying out the purposes of this Act.

Power to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the salary and allowances payable to and other conditions of service of the members other than part-time members under sub-section (1) of section 7;

(b) the allowances to be paid to the part-time members under sub-section (2) of section 7;

(c) the additional powers and functions that may be performed by the Authority under clause (k) of sub-section (3) of section 13;

(d) the form of annual statement of accounts to be prepared by the Authority sub-section (1) of section 16;

(e) the time at, the form and the manner in which return and statements and particulars are to be furnished to the Central Government under sub-section (1) of section 19;

(f) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be, or may be made by rules.

Power to make regulations.

24. (1) The Authority may, by notification, make regulations consistent with this Act and the rules made thereunder to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the times and places of meetings of the Authority and the procedure to be followed at such meetings including the quorum necessary for the transaction of business under sub-section (1) of section 9; and

(b) the terms and other conditions of service of officers and other employees of the Authority under sub-section (2) of section 11.

Rules and regulations to be laid before Parliament.

25. Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Application of other laws not barred.

26. The provisions of this Act shall be in addition to, and not in derogation of the provisions of any other law for the time being in force.

Power to remove difficulties.

27. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of two years from the appointed day.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

STATEMENT OF OBJECTS AND REASONS

The insurance industry requires a high degree of regulation. The Insurance Act, 1938 provides for the institution of the Controller of Insurance to act as a strong and powerful supervisory and regulatory authority with powers to direct, advise, caution, prohibit, investigate, inspect, prosecute, search, seize, fine, amalgamate, authorize, register and liquidate insurance companies. However, after the nationalisation of the life insurance industry in 1956 and the general insurance industry in 1972, the role of the Controller of Insurance diminished in significance over a period of time.

2. In April, 1993, the Government set up a high-powered committee headed by Shri R.N. Malhotra, former Governor, Reserve Bank of India, to examine the structure of the insurance industry and recommend changes to make it more efficient and competitive keeping in view the structural changes in other parts of the financial system of the economy. The Committee which submitted its report on 7th January, 1994 felt that the insurance regulatory apparatus should be activated even in the present set up of nationalised insurance sector and recommended, *inter alia*, the establishment of a strong and effective Insurance Regulatory Authority (IRA) in the form of a statutory autonomous board on the lines of Securities and Exchange Board of India.

3. The recommendations of the Committee were discussed at different forums including the Consultative Committee of the Parliament attached to the Ministry of Finance, managements of Life Insurance Corporation, General Insurance Corporation and its subsidiary companies, trade unions, chambers of commerce and consumer interest groups. The recommendation to set up an autonomous IRA found wide support. In view of the general support received, the Finance Minister in his 1995 Budget Speech announced that "As a first step, I propose to establish an independent Regulatory Authority for the insurance industry. Necessary legislation will be introduced shortly". Since it was felt that enacting legislation for creating the IRA would take time, it was proposed that pending the enactment of a comprehensive legislation, the IRA could initially be constituted through a Government Resolution, as was done in the case of SEBI. Accordingly, after a decision of the Cabinet on 16th August, 1995, an interim Insurance Regulatory Authority was set up by a Government Resolution dated 23rd January, 1996.

4. In the Budget Speech, in July, 1996, it was announced that the existing non-statutory Insurance Regulatory Authority would be made statutory and suitably empowered. Accordingly, it is now proposed to give a statutory character to the interim Insurance Regulatory Authority by enacting legislation in this regard.

5. The proposed Authority shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract. It will consist of a Chairperson and other members not exceeding seven in number, of whom not more than three shall serve full time, to be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience of life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration or any other discipline which in the opinion of the Central Government shall be useful to the Authority. The Chairperson and other whole-time Members shall hold office for a term of 5 years or until the age of 65 years in the case of Chairperson and 62 years in the case of other whole-time Members, whichever is earlier. A part-time Member shall hold office for a term not exceeding 5 years.

6. The duties, powers and functions of Authority, *inter alia*, are:—

- (i) to regulate, promote and ensure orderly growth of the insurance business;
- (ii) to exercise all powers and perform all functions of the Controller of Insurance under the Insurance Act, 1938, Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972 or any other law relating to insurance for the time being in force;

(iii) to protect the interest of the policyholders in matters concerning assigning of policy, nomination by policyholders, insurable interest, settlement of insurance claims, surrender value of policy and other terms and conditions of contract of insurance;

(iv) to promote efficiency in the conduct of insurance business;

(v) to promote and regulate professional organisations connected with the insurance business;

(vi) to levy fees and other charges for carrying out the purposes of the proposed Act;

(vii) to call for information from, undertake inspection and conduct enquiries and investigations including audit of the insurers, insurance intermediaries and other organisations connected with the insurance business;

(viii) to control and regulation the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under Section 64U of the Insurance Act, 1938.

(ix) to prescribe the form and manner in which books of account will be maintained and statement of accounts will be rendered by insurers and other insurance intermediaries;

(x) to regulate investment of funds by insurance companies;

(xi) to regulate maintenance of margin of solvency;

(xii) to adjudicate disputes between insurers and intermediaries;

(xiii) to exercise such other powers as may be prescribed by the Central Government.

7. The powers and functions mentioned above would enable the Authority to perform the role of an effective watchdog and regulator for the insurance sector in India. To enable the authority to function in a truly independent manner and discharge its assigned responsibilities effectively, it is proposed to vest the Authority with statutory status.

8. The Bill seeks to achieve the above objects.

NEW DELHI,
The 17th December, 1996.

P. CHIDAMBARAM.

NOTES ON CLAUSES

Clause 2 defines the various expressions occurring in the Bill.

Clause 3 provides for the establishment of the Insurance Regulatory Authority by the Central Government as a body corporate. The head office of the Authority shall be at such place as the Central Government may decide from time to time.

Clause 4 provides that the Authority shall consist of a Chairperson, not more than three whole time members and not more than four part time members, to be appointed by the Central Government.

Clause 5 provides that the Chairperson and other whole time members shall hold office for a term of five years or until the age of 65 years in the case of Chairperson and 62 years in the case of other whole time members, whichever is earlier, and a part time member shall hold office for term not exceeding five years.

Clause 6 provides that the Central Government may, after giving a reasonable opportunity of being heard in the matter, remove from office the Chairperson and members of the Authority in certain circumstances.

Clause 7 provides that the salary, allowances and other terms and conditions of service of the Chairperson and whole time members and allowances to part time members will be prescribed by the Central Government and that they shall not be varied to their disadvantage, after appointment.

Clause 8 provides that the Chairperson and members shall be ineligible for appointment in Central or State Governments or any private company in the insurance sector.

Clause 9 contains detailed provisions regarding conduct of the meetings of the Authority.

Clause 10 provides for certain conditions which will not invalidate the proceedings of the Authority.

Clause 11 empowers the Authority to appoint officers and other employees and determine their terms and conditions of service through regulations.

Clause 12 provides for transfer of assets, liabilities etc. of the Interim Insurance Regulatory Authority to the Insurance Regulatory Authority.

Clause 13 provides that the Authority shall have the duty to regulate, promote and insure orderly growth of the insurance business and prescribes specific powers and functions of the Authority. It also provides that the Authority shall exercise all the powers, discharge all the duties and perform all the functions of the Controller of Insurance Business (Nationalisation) Act, 1972 or any other law relating to insurance for the time being in force except during the period when the Authority is superseded.

Clause 14 provides for grants to the Authority by the Central Government.

Clause 15 provides for constitution of the Insurance Regulatory Authority Fund and crediting thereto all Government grants, fees and charges received by the Authority and its appropriation for making payments.

Clause 16 provides that the Authority shall maintain its accounts in the form prescribed by the Central Government in consultation with the C&AG of India and that the accounts will be audited by the C&AG of India with the same rights and privileges as in the case of audit of Government accounts. It also provides that the accounts of the Authority as certified by the C&AG of India together with the audit report thereon shall be laid before each House of the Parliament every year.

Clause 17 provides that the Authority shall be bound by the directions of the Central Government on questions of policy and that the decision of the Central Government, whether a question is one of policy or not, shall be final.

Clause 18 provides that the Central Government may by notification and for reasons specified therein supersede the Authority, for a period not exceeding six months, in certain circumstances and during the period of supersession appoint a person to act as the Controller of Insurance under the Insurance Act, 1938. It also provides for reconstitution of the Authority before the expiry of the period of supersession and that a copy of the notification for supersession and a full report on the action taken shall be laid before each House of Parliament.

Clause 19 provides for furnishing of returns etc. by the Authority to the Central Government.

Clause 20 provides that the Chairperson, members, officers and employees of the Authority shall be deemed to be public servants within the meaning of Section 21 of the Indian Penal code.

Clause 21 provides for usual provisions relating to the protection of action taken in good faith.

Clause 22 provides for delegation of powers of the Authority.

Clause 23 confers on the Central Government the power to make rules for carrying out the provisions of the Bill.

Clause 24 confers on the Authority the power to make regulations consistent with the provisions of this Bill and the rules made by the Central Government thereunder before each House of the Parliament.

Clause 26 provides that the provisions of this Bill shall be in addition to and not in derogation of, the provisions of any other law for the time being in force.

Clause 27 seeks to empower the Central Government to remove difficulties which may arise in giving effect to the provisions of the Bill.

FINANCIAL MEMORANDUM

The Central Government proposes to set up an independent statutory Insurance Regulatory Authority under clause 3 of the Bill. Recurring expenditure towards pay and allowances, etc., of the Chairperson and other members under clause 7 will be of the order of Rs. 52 lakhs per annum and of the officers and employees of the Authority under clause 11 will be of the order of Rs. 133 lakhs per annum. Other recurring expenditures by way of rent, maintenance, training, etc., will be of the order of Rs. 182 lakhs per annum. Non-recurring expenditure by way of purchase of accommodation, furniture and fixtures, office equipment, vehicle, etc. will be approximately of the order of Rs. 855 lakhs.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 23 of the Bill empowers the Central Government to make rules to provide, *inter alia*, for the salary and allowances payable to and other conditions of service of the Chairperson and the other members, the additional powers and functions that may be performed by the Authority, the form of annual statement of accounts to be prepared by the Authority, the forms and manner in which the returns and statements and particulars to be prepared and to be furnished by the Central Government, and any other matter which is to be, or may be, prescribed, or in respect of which provision is to be or may be made by rules.

2. Clause 24 of the Bill empowers the Authority to make regulations to provide for, *inter alia*, the time and places of meeting of the authority and the procedure to be followed at such meetings including the quorum necessary for the transaction of the business, and the terms and other conditions of service of officers and employees of the Authority.

3. The rules and regulations made shall be laid, as soon as may be after they are made, before each House of the Parliament.

4. The matter in respect of which rules and regulations may be made are generally matters of procedure and administrative details and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, normal in character.

BILL NO. 135 OF 1996

A Bill to provide for the payment of pension and other facilities to retiring Vice-Presidents.

BE it enacted by Parliament in the Forty-seventh Year of the Republic of India as follows:—

Short title.

1. This Act may be called the Vice-President's Pension Act, 1996.

Pension to
retiring Vice-
Presidents.

2. (1) There shall be paid to every person who ceases to hold office as Vice-President, either by the expiration of his term of office or by resignation of his office, a pension of six thousand two hundred and fifty rupees per month, for the remainder of his life:

Provided that such person shall not be entitled to receive any pension during the period he holds the office of the Prime Minister, a Minister or any other office or becomes a Member of Parliament and is in receipt of salary and allowances which are defrayed out of the Consolidated Fund of India or the Consolidated Fund of a State.

(2) Subject to any rules that may be made in this behalf, every such person shall, for the remainder of his life, be entitled—

58 of 1952.

(a) to the use of such furnished residence (including its maintenance), without payment of rent, as a Union Deputy Minister is entitled to during his tenure of office under the provisions of the Salaries and Allowances of Ministers Act, 1952;

30 of 1954.

(b) to the use of similar telephone facilities at his residence, as a member of Parliament is entitled to under the provisions of the Salary, Allowances and Pension of Members of Parliament Act, 1954;

(c) secretarial staff, and office expenses, not exceeding rupees six thousand per annum;

30 of 1951.

(d) to the same facilities for himself as respects medical attendance and treatment and on the same conditions as a retired President is entitled to under the provisions of the President's Emoluments and Pension Act, 1951;

30 of 1951.

(e) to the same facilities for his spouse and minor children as respects medical attendance and treatment and on the same conditions as the spouse of a retired President is entitled to under the provisions of the President's Emoluments and Pension Act, 1951; and

(f) to travel anywhere in India, accompanied by his spouse, by the executive class by air, and the highest class by rail.

3. Subject to any rules that may be made in this behalf, the spouse of a person who dies while holding the office of Vice-President shall, for the remainder of life, be entitled to medical attendance and treatment, free of charge.

Medical facilities to the family of deceased Vice-President.

4. Any sum payable under this Act shall be charged on the Consolidated Fund of India.

Pension to be charged on the Consolidated Fund of India.

5. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

Power to make rules.

(2) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

STATEMENT OF OBJECTS AND REASONS

The salary and allowances and other facilities admissible to the Vice-President, being also the Chairman of the Council of States, are governed by the Salary and Allowances of Officers of Parliament Act, 1953. The said Act does not contain any provision for payment of pension to a retired Vice-President.

2. Like President, who is the Head of the State, the Vice-President also holds a high office and is a high dignitary. It is, therefore, felt that when a retired President is allowed a pension and other privileges, it would be just and proper that a retired Vice-President also gets suitable pension and other privileges, so that after demitting the office he is able to maintain a reasonable standard of life befitting the high office held by him.

3. This Bill, *inter alia*, seeks to provide for—

- (a) payment of pension;
- (b) use of a furnished residence (including its maintenance) without payment of rent as admissible to a Union Deputy Minister;
- (c) use of a telephone facility at the residence, as admissible to a Member of Parliament;
- (d) secretarial staff; and office expenses not exceeding rupees six thousand per annum;
- (e) free medical attendance and treatment to a retired Vice-President on the same conditions as admissible to a retired President;
- (f) free medical attendance and treatment to the spouse and minor children of a retired Vice-President on the same conditions as is admissible to the spouse of a retired President; and
- (g) travelling facilities anywhere in India for himself and his spouse by the executive class by air, and the highest class by rail.

4. The Bill seeks to achieve the above objects.

NEW DELHI,
The 13th December, 1996.

INDRAJIT GUPTA

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. 1/6/96-M&G, dated 17 December, 1996 from Shri Indrajit Gupta, Minister of Home Affairs to the Secretary-General, Lok Sabha.]

President, having been informed of the subject matter of the Vice-President's Pension Bill, 1996, recommends for introduction in Lok Sabha under article 117(1) of the Constitution and for its consideration by Lok Sabha under article 117(3) of the Constitution.